

Message Text

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ACTION EB-08

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15
SSO-00 INRE-00 NSCE-00 ICAE-00 DOEE-00 AF-10
ARA-10 EA-10 EUR-12 NEA-10 OIC-02 /152 W
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PASS STR ELECTRONICALLY

E.O. 11652: N/A
TAGS: ETRD, GATT
SUBJECT: GATT ARTICLE XXVIII NEGOTIATIONS

REF: STEWART/LAVOREL TELECON, 4/26

1. WE HAVE DISCUSSED ARTICLE XXVIII:3(A) WITH GATT SECRETARIAT (KAUTZOR-SCHRODER AND LINDEN). THEIR INTERPRETATION IS THAT A CONTRACTING PARTY CAN WITHDRAW CONCESSIONS ONLY ON THOSE ITEMS WITH WHICH THE OTHER PARTY SUBJECT TO THE XXVIII NEGOTIATIONS HOLDS THE INITIAL NEGOTIATING RIGHTS (INRS). IN PRACTICAL TERMS THIS MEANS:

A. THAT ON THOSE ITEMS NOT NEGOTIATED IN THE KENNEDY ROUND BRAZIL MUST HAVE AN INR.

B. ON THOSE ITEMS NEGOTIATED IN THE KENNEDY ROUND THE U.S. CAN WITHDRAW THE ITEM IF BRAZIL HAS A PRINCIPAL SUPPLIER INTEREST AT THE PRESENT TIME. THE GATT SECRETARIAT NOTES THAT THE INRS FOR THE KENNEDY ROUND DEVOLVE ON THOSE COUNTRIES HAVING A PRINCIPAL SUPPLIER INTEREST
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AT THE TIME OF THE RENEGOTIATION (GATT DOCUMENT L/2867).

C. ON THOSE ITEMS THAT WERE NEGOTIATED IN THE KENNEDY ROUND AND ON WHICH BRAZIL HAD A PRINCIPAL SUPPLYING INTEREST BUT ON WHICH ANOTHER CP HOLDS AN EARLIER INR, THE U.S. CAN WITHDRAW THE ITEM. IF, HOWEVER, THE U.S. INCREASES THE DUTY TO A LEVEL GREATER THAN THE INITIAL INR RATE, IT RUNS THE RISK OF A DEMAND FOR COMPENSATION.

2. IN THE CASE WHERE THE ORIGINAL COUNTRY HOLDING AN INR
NO LONGER HAS A PRINCIPAL SUPPLYING INTEREST, BUT BRAZIL
NOW HAS SUCH AN INTEREST, THE U.S. WOULD VIOLATE THE
GENERAL AGREEMENT IF IT WITHDREW THE ITEM.

3. WITH REGARD TO THE ARTICLE XXVIII NEGOTIATIONS WITH
FINLAND, THE FINNS HAVE NO OBJECTION TO THE DELETION OF
THE LAST SENTENCE IN THE JOINT U.S.-FINN LETTER.

VANDEN HEUVEL

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Message Attributes

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Concepts: NEGOTIATIONS, TRADE AGREEMENTS
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Draft Date: 26 apr 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
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